

THE HON'BLE SRI JUSTICE P.S.NARAYANA

WRIT PETITION No.14519 of 2007

DATED: 26-10-2007.

Between:

S. Venkataramaiah

_____ .. PETITIONER

_____ And

Khadi and Village Industries
Commission rep. by its Chief
Executive Officer, Gramodaya, 3,
Irla Road, Vile Parle (W),
Mumbai – 400056 and others.

_____ .. RESPONDENTS

THE HON'BLE SRI JUSTICE P.S.NARAYANA

WRIT PETITION No.14519 of 2007

ORDER:

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Heard Sri Vedula Srinivas, the learned counsel representing the writ petitioner, Sri T. Kumar Babu, Sri Arun Kumar Dudla and Sri Rajendra Bussa, the learned counsel representing the respondents.

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2. S. Venkataramaiah, the writ petitioner filed the present writ petition for a writ of Mandamus declaring the action of the 1st respondent in withholding the title documents pertaining to the land of Ac.1-50 cents in Sy.No.455/2, Kallur village, Kurnool District, belonging to the 2nd respondent, despite the readiness of the 2nd respondent to discharge the outstanding loan amount in full, as arbitrary, illegal and unconstitutional; and to issue a consequential direction to the 1st respondent to return the title documents pertaining to the land of Ac.1-50 cents in Sy.No.455/2, Kallur village of Kurnool District, in favour of the 2nd respondent against the repayment of the outstanding loan by the 2nd respondent and pass such other suitable orders.

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3. Sri Vedula Srinivas, the learned counsel representing the writ petitioner had taken this Court through the averments made in the affidavit filed in support of the writ petition and also the averments made in the counter-affidavit filed by the 2nd respondent and would maintain that when the 2nd respondent is ready and willing to discharge the complete loan amount, the 1st and 3rd respondents have no authority to refuse the re-delivery of documents. The learned

counsel also would maintain that the relationship between the 2nd respondent and the 1st respondent at the best would be that of the creditor and debtor and when the debtor is ready and willing to discharge the amount in full, the creditor has no right to retain the documents. The learned counsel also had taken this Court through the Khadi and Village Industries Commission Act, 1956 (hereinafter in short referred to as 'the Act' for the purpose of convenience) and also certain Rules and Circulars and would maintain that inasmuch as such right is not conferred even by the statute, retention of the documents even when the debtor is ready and willing to discharge the amount in full, would be unlawful.

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4. Sri Rajendra Bussa, learned counsel representing the 1st respondent - Khadi and Village Industries Commission (hereinafter in short referred to as 'the Commission') had taken this Court through the counter-affidavit filed on behalf of the respondents 1 and 3 and would maintain that the Commission is a supervising authority and also controlling authority and in the light of the Act, Rules and Circulars, unless permission is accorded for the alienation or sale of property, the question of redelivering the title deeds would not arise. The learned counsel also would submit that it cannot be said that the relationship between the 2nd respondent and respondents 1 and 3 would be that of the simple creditor and debtor, but the relationship is something more as governed by the Act, Rules and Circulars governing the field. The learned counsel also had placed before this Court the relevant Rules and Circulars in relation thereto.

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5. Heard the counsel.

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6. It is averred in the affidavit filed in support of the writ petition that the 1st respondent is a statutory body incorporated under the Khadi

and Village Industries Commission Act, 1956 (Act 61 of 1956). It is also further stated that the Act was made to provide for the establishment of a Commission for the development of Khadi and Village Industries and for matters connected therewith. It is a body amenable to writ jurisdiction under Article 12 of the Constitution of India. Chapter-I of the said Act deals with the definitions, Chapter-II provides for the establishment of the Commission, Chapter-III provides for the functions of the Commission, Chapter-IV deals with finance, accounts and reports of the Commission and Chapter-V provides for the miscellaneous provisions. It is also further stated that the 2nd respondent is a Society registered under the provisions of the Societies Registration Act, 1962 with Registration No.1/67. The main activity of the Society is to purchase cotton, draw thread from it and make cloth out of it. The same is sold to the Railway Department. It is also further stated that the 2nd respondent is in deep financial crisis and most of its activities have been stopped for want of finance. It had availed finance from the 1st respondent for meeting its capital expenditure for purchase of the required machinery like Charkas etc. It is also stated that the 2nd respondent owns immovable properties at Kurnool in Sy.No.455/2 of Kallur village and it had deposited the title deeds pertaining to the said property with the 1st respondent while availing the finance. The 2nd respondent had also deposited the title deeds pertaining to other immovable properties owned by it, with the 1st respondent for availing the finance. It is also further stated that due to the bad financial position and recurring losses, the 2nd respondent is not in a position to discharge the loan due to the 1st respondent and get back the title documents. It is also averred in paragraph 3 of the affidavit filed in support of the writ petition that the 2nd respondent is desirous of re-starting its activities pertaining to the Khadi and Village

Industries and for that purpose it has decided to raise funds by disposing of the idle immovable properties. The 2nd respondent can discharge the loan of the 1st respondent only by selling the idle immovable properties since it has no other source to discharge the loan. It is also further stated that there is no embargo against the sale of the immovable properties of the 2nd respondent society either under the Act or under the Societies Registration Act. The 2nd respondent has decided to sell some of its idle immovable properties and accordingly has placed the subject before its General Body. The General Body has authorized the Executive Committee on 25.03.2006 to dispose of some of the idle immovable properties in order to repay the huge debt of Rs.80 lakhs (approximately) to the 1st respondent and also to utilize the remaining proceeds for restarting its activities. It is also further stated that, thereafter, the Executive Committee of the 2nd respondent has entered into an agreement of sale, dated 28.04.2006, for selling the land of Ac.1.50 cents situated in Sy.No.445/2 of Kallur village, Kurnool District, in favour of the petitioner along with Smt S.Vasundhara. The said agreement of sale had been registered in the office of Joint Sub-Registrar, Kurnool as document No.7222/06. It is further stated that the sale consideration for the land of Ac.1-50 cents had been fixed at Rs.75 lakhs, which represents the market value prevailing at that time, and out of the same, an amount of Rs.6 lakhs was paid to the 2nd respondent and the balance amount is payable at the time of registration of the sale deed. It was specifically agreed between the parties that the 2nd respondent should obtain the title documents from the 1st respondent by paying the debt amount. It is also stated that the petitioner was handed over the possession of the said land by the 2nd respondent. Further, it is averred in paragraph 4 of the affidavit filed in support of the writ petition that the 2nd

respondent has also addressed letters to the 1st respondent seeking to return the title documents expressing its readiness to pay the entire amount due to the 1st respondent. It is further stated that the 2nd respondent is entitled to get back the title deeds from the 1st respondent on payment of the due amount and the 1st respondent cannot raise any objection for the same and cannot withhold the title documents belonging to the 2nd respondent, once the amount due to it has been received in full. It is also further stated that the 2nd respondent has offered to pay the arrears outstanding as on today and sought for return of the title deeds. The 1st respondent has been acting in a strange manner and has been assuming a supervisory role over the disposal of the assets by the 2nd respondent. It is also stated that the 1st respondent is insisting that the 2nd respondent cannot dispose of its immovable properties without permission of the 1st respondent and the members of the executive committee of the 2nd respondent will be prosecuted for non-obtaining such a permission. It is also further stated that the writ petitioner came to know that the 2nd respondent has sought for such permission, but the 1st respondent is not prepared to grant the same. It is further stated that the writ petitioner got issued a legal notice, dated 30.10.2006, to the 2nd respondent seeking execution of the sale deed and the 2nd respondent replied on 10.05.2007 stating that they have applied for permission of the 1st respondent and the same is awaited. In the meanwhile, the 3rd respondent addressed a letter, dated 18.06.2007, to the Superintendent of Police, Kurnool, asking him to look into the sale agreements made by the 2nd respondent and to prevent registration of such documents and also to cancel the sale agreements. The 3rd respondent has taken a stand that the sale agreements made by the

2nd respondent with the intending buyers cannot go through unless permission of the 1st respondent is obtained. It is further stated that the 1st and 3rd respondents are traveling beyond their powers in insisting that their permission should be obtained by the 2nd respondent before selling its immovable properties to the third parties. It is further stated that there is no such power conferred upon the respondents 1 and 3 under the Act and they are assuming powers, which are not available to them, and that the relationship between the 1st and 2nd respondents is only in the nature of a creditor-debtor insofar as the amounts financed by the 1st respondent and, hence, the 1st respondent cannot have a right in the matter of the sale of idle immovable properties by the 2nd respondent. It is also further stated that the 2nd respondent is trying to come out of the debt and also to restart its activities by raising funds through the sale of idle immovable properties and such a course cannot be objected by the 1st respondent, since such a power is not available with it. It is further stated that the petitioner was put to severe loss due to non-registration of the sale deed in his favour. Unless the 1st respondent returns the title documents to the 2nd respondent, registration of sale deed in favour of the petitioner cannot take place and, as such, the petitioner is directly affected by the action of the 1st respondent in withholding the title documents, despite the readiness of the 2nd respondent to repay the entire loan amount. There are no valid reasons for not returning the title documents by the 1st respondent when the 2nd respondent is prepared to repay the loan amount in full and, thus, the action of the respondents 1 and 3 is arbitrary and violative of Article 14 of the Constitution of India. It is further stated that the 1st respondent is under a wrong impression that the property of the 2nd respondent

belongs to the Government of India, simply because the title deeds are deposited with it as against the amounts financed by it. In such circumstances, the writ petitioner, being left with no other option, approached this Court under Article 226 of the Constitution of India.

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7. In the counter-affidavit filed by the 2nd respondent sworn by the President of the 2nd respondent society, it is stated that the 2nd respondent is a Society registered under the Societies Act, in the year 1967. It is also stated that its objects are to promote the activities relating to Khadi and Village Industries like Spinning and Weaving of Khadi Textiles and Manufacture of Soaps, Lime, Parched Rice etc. It is further stated that the society was having large scale operations in the past and was engaging nearly 110 members for its establishment. There were nearly 1000 weavers depending on this society in several villages of Kurnool District. It is further stated that in order to provide work to them, this respondent was receiving finance as well as material from the 1st respondent and the total amount of financial aid availed from the 1st respondent is to the tune of Rs.87 lakhs. It is further stated that the said amounts were taken during the late 60s and the documents pertaining to the immovable properties of the society have been deposited with the 1st respondent towards security. It is also stated that there was no formal mortgage being created except deposit of the title deeds with the 1st respondent. It is further stated that due to drastic changes in the preferences of the people, there is lack of demand for the product of Khadi and Village Industries, more particularly for clothes and soaps etc. Accordingly, the turnover of the society came down steeply and the society is not in a position to provide work to the weavers as it was doing earlier. It is also further stated that at present, there are only 15 persons employed by the

society and there are no more than 100 weavers depending on this society. There is acute cash crunch and the society is finding it difficult to meet its overheads and other commitments, and it is impossible for the society to repay the loan to the 1st respondent with the ongoing financial conditions. It is further stated that unless the society is able to mobilize huge finance to repay the loan of the 1st respondent and infuse fresh capital into its activities, it would be very difficult to run the society. There had been deliberations among the members of the society for quite some time for disposing of the idle immovable properties of the society to repay the loan of the 1st respondent and to reactivate it, it is necessary to sell some of the idle properties in order to prevent the grabbing of the same by the professional grabbers, since the land has become scarce and the activities of land grabbing are on rise these days. Further, it is stated that the Executive Committee of the society had passed a resolution, dated 27.01.2006, and decided to dispose of the idle properties of the society. They also formed a Five Member Committee to ascertain the market value of the properties, so that the loan of the 1st respondent can be repaid. It is further stated that, thereafter, on 18.02.2006, the Executive Committee took note of the estimated market value of the properties and decided to place the subject before the General Body. In the meeting of the General Body, dated 25.03.2006, the resolutions of the Executive Committee were unanimously accepted and the executive committee had been authorized to dispose of the lands at the best price and to repay the loans of the 1st respondent. Thereafter, the Executive Committee of the society had initiated the process to sell the idle immovable properties of the society and accordingly entered into an agreement of sale with Mr S.Venkataramaiah and Smt

S.Vasundhara for sale of Acres 1-50 cents situated in Sy.No.455/2, Kallur village for Rs.75 lakhs. The price at which the land was agreed to be sold is the best market value prevailing as on that date and it is far higher than the government valuation. It is further stated that unless the idle properties are sold, there is no other way to discharge the loan of the 1st respondent and to bring in additional capital for the effective working of the society. Further, it is stated that the 1st respondent had deputed a Special Officer during the period from 1996 to 2000 to manage the affairs of the 2nd respondent society. During his tenure also, he had sold certain properties of the society by way of registered sale deeds. One such sale was under the agreement, dated 03.02.1999, pertaining to House No.18-45 situated at Sanjay Nagar Colony, Nagar Kurnool, Mahaboobnagar District, for an amount of Rs.1.50 lakhs. It is also stated that similarly a building situated at Vendurthi Mandal was also sold by the Special officer in favour of one Mr. Dasaratharami Reddy for Rs.1.50 lakhs, and the property situated at Pentlavalli village of Kolhapur Mandal, Mahboobnagar District, was also sold for Rs.1.55 lakhs by him. It is also further stated that several sick societies adopted the same method for liquidating the outstanding loans and for utilizing the capital to restructure their activities. It is also further stated that the 1st respondent has been, of late, objecting to the sale of the idle properties by the societies and to the best of his knowledge and understanding, there is no such legal embargo either under the Act or under the Rules made thereunder. It is further stated that it is in the best interest of the society that its properties are being sold and there should not be any objection for the 1st respondent for the same. There should not be any legal objection for return of the title documents by the 1st respondent, when the society is prepared to pay

the entire amount up to date. It is further stated that the 1st respondent is liable to return all the title deeds lying in its position in favour of the society, since the society is willing to pay the entire outstanding amount at once, and that the recent letters addressed by the 1st and 3rd respondents threatening of initiation of proceedings against the society as well as the prospective buyers are not in accordance with law and the 1st respondent has no enforceable legal right to prevail over the bonafide sales of the idle properties done by the society. It is also stated that the sale transaction between the writ petitioner and the society is genuine, bonafide and also for legitimate consideration and the 1st and 3rd respondents are trying to exercise certain extra legal powers to interfere with those transactions. It is also further stated that the 1st respondent does not have statutory/contractual right to interfere with the sale of idle assets by the society for a fair market value in favour of private parties and, hence, the impugned action of the 1st respondent is unsustainable in law.

8. It is needless to say that the 2nd respondent virtually supported the version of the writ petitioner.

9. Respondents 1 and 3 resisted the same by filing counter-affidavit, in detail, and the said counter-affidavit was sworn by the State Director of Khadi and Village industries Commission, Hyderabad. A specific stand had been taken that the writ petition is not maintainable. It is also stated that the Khadi and Village Industries Commission (KVIC) is a statutory body created by an Act of Parliament (No.61 of 1956 and as amended by Act No.12 of 1987 and Act No.10 of 2006) and established in April 1957. It took over the work of the former All India Khadi and Village Industries Board and it functions under the

administrative control of the Ministry of MSME, Government of India with the following objectives:

1. The social objective of providing employment;
2. The economic objective of producing saleable articles, and
3. The wider objective of creating self-reliance amongst the people and building up of a strong rural community spirit.

It is further stated that KVIC is charged with the functions of planning, promotion, organization and implementation of programmes for the development of Khadi and village industries in the rural area in coordination with other agencies engaged in rural development. It is also further stated that the 2nd respondent Grama Swarajya Sangham, Kurnool, is an institution registered under Societies Registration Act, 1962, with registration No.1 of 1967 and the main objectives of the institution are as follows:

- a. To improve the economic, moral and social standards of villagers in the area of operation of the institution.
- b. To alleviate poverty and bring about better living conditions mutual cooperation and unity among the villagers and in general rural development by implementing KVIC programmes.
- c. To start, encourage, assist and carry on such other activities, which are incidental for implementation of KVIC programmes.

It is also stated that the 2nd respondent Grama Swarajya Sangham, Kurnool is enlisted with the KVIC in the year 1967 for available financial and other technical assistance from KVIC, and it is provided with loans and advances of Rs.106.72 lakhs for taking up the activities

of Khadi & Village Industries Commission. The byelaws of the said society provides inter-alia that:

1. The commission shall have powers to give direction to the managing committee or to the institution in respect of the financial policy and other matters of the institution and the managing committee or the institution as the case be shall abide by such direction of the commission.
2. On the dissolution of the institution, after satisfaction of all its debts and liabilities where remains any property or properties, movable or immovable whatsoever, the same shall not be paid or distributed among the members of the institution or any of them, but shall be given to some other similar institutions with the similar objectives working with the approval of the central certification committee of the KVIC.
3. The excess margin shall be utilized for the benefit of the workmen as may be directed by the certification committee of the Khadi and Village Industries Commission.

It is also stated that the 2nd respondent had created equitable mortgage of its landed properties with Khadi and Village Industries Commission against the loans and advances sanctioned to the 2nd respondent. It is further stated that the 2nd respondent has no power or authority to dispose of the immovable properties as per the guidelines of the KVIC. It is also stated that the 2nd respondent Grama Swarajya Sangham, Kurnool, had mortgaged the properties with KVIC and as such it has no right to dispose of the immovable properties, which are under mortgage with KVIC. It is also further stated that the 2nd respondent has to obtain prior permission from the Commission to dispose of the landed properties as per the guidelines issued by the KVIC in Circular No.DKC/Policy/Reconstn/Committee/ 2004-05,

dt.21.12.04, and for the specific purposes specified in circular dt.3-1-96. It is also stated that the sale of agreement made by the 2nd respondent Grama Swarajya Sangham, Kurnool, with the petitioner is illegal, as the 2nd respondent has not obtained prior permission from the commission to sell the landed properties of the institution and receiving advance amount of Rs.6.00 lakhs is illegal as it has not obtained any prior permission from the commission to dispose of the land and as such the release of documents by the 1st and 3rd respondents to the 2nd respondent does not arise. It is further stated that as per the equitable mortgage and as per the norms and guidelines of the KVIC, the 2nd respondent has no authority to sell the landed property under the mortgage of KVIC. It is also stated that regarding financial difficulties of the 2nd respondent, the commission shall have powers to give directions to the managing committee or to the institution in respect of the financial conditions and other matters of the institution and managing committee or the institution as the case may shall be bound by such direction of the commission as per its byelaws. Even the KVIC has the authority to appoint an administrator to safeguard the society and public money. It is also further stated that as per the rules and regulations under the miscellaneous point No.23 regarding the 2nd respondent seeking permission from the Commission, this office had not received any request from the 2nd respondent for the last two years seeking permission for sale of property. It is also stated that when the matter was brought to the notice of the 3rd respondent about illegal sale of agreement by the 2nd respondent society, the deponent made representations to the concerned district officials to safeguard the society property financed by the KVIC, which is an instrumentality of the Central Government. It

is also stated that as per the guidelines, the properties of the 2nd respondent society cannot be alienated to any third parties for personal benefits. It is further stated that the KVIC has full power and authority to all the transactions of sale of landed properties of the institution as per the rules and regulations under equitable mortgage and the provisions contained in the loan documents submitted by the institution while receiving loans and advances from the commission. It is also further stated that the agreement of sale made between the petitioner and the 2nd respondent is made without permission of KVIC and the same is illegal as per the rules and guidelines of KVIC and agreed by the 2nd respondent society at the time of availing loan and other benefits. It is further stated that the petitioner cannot claim that he is put to several loss due to non-registration of the land as it was his bounden duty to verify the title of the seller and ensure that the property is not encumbered. It is also stated that the petitioner has no right or authority to pray in this writ petition or question the KVIC to release the title deeds to the 2nd respondent after receiving the outstanding loan amount. It is further stated that in view of the undertakings submitted by the 2nd respondent society to the 1st and 3rd respondents by way of equitable mortgage/loan documents and also as per the Memorandum of Association of the institution, the 2nd respondent society has no right to dispose of the lands of the institution without permission of KVIC. Further, it is stated that the respondent society has created properties out of the loans and grants provided by the KVIC with a broader view to enable the Society to provide rural employment and as such, disposal of the properties to third party would defeat the main objective of interest and providing huge amounts as grants, which are not repayable at all. It is further stated that, however, the societies are

allowed to dispose of its surplus land under the strict supervision of a committee to be constituted as per the guidelines prescribed in the circular dt.03.01.96 and only for the purposes specified therein. It is also further stated that the relationship between the KVIC and the society is not merely that of the lender and borrower, but more than that as the KVIC is providing financial interest at very meager rates and apart from that provides various kinds of grants, subsidies, technical assistance and as per the recommendation of the KVIC, the society is getting exemption from income tax, sales tax, central excise etc. As the society is the implementing agency of the KVIC, the office bearer of the society is bound to act in trust and protect the properties of the society. It is also further stated that the petitioner, knowing fully well that the property is mortgaged with KVIC, acted in collusion with the office bearers and tried to purchase the property at a very low price, without informing the commission, and as the object of the agreement of sale made between the society and the petitioner is unlawful, the said agreement itself is void.

10. Strong reliance was placed on Circular No.Legal/Legal Circulars/06-07, dated 07.09.2006, issued by the Directorate of Legal Affairs, Commissioner for Khadi and Village Industries, 3, Irla Road, Vile Parle (W), Mumbai-56. Chapter II deals with creation of equitable mortgage. Clause (1) of it deals with meaning and definition, clause (2) deals with types of mortgages, clause (3) deals with requisites of a valid mortgage and clause (4) deals with kind of mortgage adopted by the Commission, clause (5) deals with advantages of equitable mortgage, clause (6) deals with disadvantages of equitable mortgage, clause (7) deals with confirmation regarding creation of equitable mortgage, clause (8) deals with documents required for the creation of

equitable mortgage, clause (9) deals with guidelines for the creation of equitable mortgage and clause (10) deals with applicability of law of limitation.

11. Strong reliance was placed on clause (11) dealing with release of original title deeds and the same reads as hereunder:

“The title deeds deposited by the borrower with the Commission in connection with the creation of Equitable Mortgage shall not be released without the permission of the Commission. Therefore, under no circumstance, the State/Divisional Directors should release the original title deeds without obtaining the permission.

In the case of the institution and individual borrowers who have applied for financial assistance and created equitable mortgage of their property with the KVIC but no financial assistance has been provided to them by the KVIC, the State/Divisional Directors have been authorized to release the original title deeds to such institution and individual borrowers after obtaining “No Dues Certificate” from the Directorate of Accounts in respect of all such institutions and borrowers. The Circular dated 20.11.03 issued by the Directorate of Legal Affairs in this regard is placed at the end of the chapter.

In the case of institutions who have been partly funded and created equitable mortgage in favour of KVIC and are ready to make the repayment of the entire amount of loan taken by them along with interest and penal interest to the KVIC, the State/Divisional Directors have been authorized to release the title deeds of the immovable properties after the entire payment of outstanding dues by the borrower has been received in the form of demand draft. The Circular dated 27.11.03 issued by the Directorate of Legal Affairs in this regard is placed at the end of the chapter.”

The other clauses also had been referred to like clause (12), clause (15) as well. It is needless to say that this is only a Circular.

12. The Khadi and Village Industries Commission Loan Rules also had been relied upon. Rules 16, 17 and 18, which had been relied upon, read as hereunder:

16. A State Khadi and Village Industries Board set up under an Act of a State Legislature shall, subject to the provisions of the said Act and any rules made thereunder, be competent to reloan funds, advanced to it by Khadi and Village Industries Commission to institutions under its jurisdiction. The State Board shall also be bound by such terms and conditions of reloaning as are prescribed by the Commission from time to time with the approval of the Central Government.

17. The institutions as specified in sub-clause (c), (d), (e), (f) and (g) of clause (iv) of rule 3 namely:

- (i) A society registered under the Societies Registration Act 1860 (Act XXI of 1860) or under any law for the time being in force in any State;
- (ii) A co-operative society registered under the Cooperative Societies Act 1912 (Act II of 1912) or under any law, for the time being in force in any state;
- (iii) A gram or village panchayat, a panchayat samiti, a municipality, a zilla parishad or any similar body established under any State law for the time being in force;
- (iv) An authority set up under any law for the time being in force relating to bhoodan or gramdan; and

- (v) A trust created for public purposes of a charitable or religious nature

Shall, subject to the provisions of their constituent Acts and any rules made thereunder, be competent to reloan the funds advanced to them by the Khadi and Village Industries Commission to other institutions and/or individual persons working within their fields of activities, on the terms and conditions prescribed from time to time by the Commission with the approval of the Central Government.

18. A State Government shall be competent to reloan the funds advanced to it by the Khadi and Village Industries Commission to institutions and/or individual persons under its jurisdiction. The State Government shall also be bound by such terms and conditions of reloaning as are prescribed by the Commission from time to time with the prior approval of the Central Government.

13. The Act is an Act to provide for establishment of a Commission for development of Khadi and Village Industries and for matters connected therewith. Section 15 of the Act deals with the functions of the Commission and the said provision reads as hereunder:

Functions of the Commission:- (1) Subject to the provisions of this act, the functions of the Commission shall generally be to plan, promote, organize and assist in the establishment and development of khadi and village industries in the rural area in coordination with other agencies engaged in rural development wherever necessary.

(2) In particular, and without prejudice to the generality of the foregoing power, the Commission may take such other steps as it may think fit,-

- (a) to plan and organize training of persons employed or desirous of seeking employment in khadi and village

industries;

- (b) to build up reserves of raw materials and implements and supply them to persons engaged or likely to be engaged in production of handspun yarn or khadi or village industries at such rates as the Commission may decide;
- (c) to encourage and assist in the creation of common service facilities for the processing of raw materials or semi-finished goods and for otherwise facilitating production and marketing of khadi or products of village industries;
- (d) to promote the sale and marketing of khadi or products of village industries or handicrafts and for this purpose forge links with established marketing agencies wherever necessary and feasible;
- (e) to encourage and promote research in the technology used in khadi and village industries, including the use of non-conventional energy and electric power with a view to increasing productivity, eliminating drudgery and otherwise enhancing their competitive capacity and to arrange for dissemination of salient results obtained from such research;
- (f) to undertake directly or through other agencies studies of the problems of khadi or village industries;
- (g) to provide financial assistance to institutions or persons engaged in the development and operation of khadi or village industries and guide them through supply of designs, prototypes and other technical information for the purpose of producing goods and services for which there is effective demand in the opinion of the Commission;
- (h) to undertake experiments or pilot projects which in the opinion of the Commission are necessary for the development of khadi and village industries;

- (i) to establish and maintain separate organizations for the purpose of carrying out any or all of the above matters;
- (j) to promote and encourage co-operative efforts among the manufacturers of khadi or persons engaged in village industries;
- (k) to ensure genuineness and to set up standards of quality and ensure that products of khadi and village industries do conform to the said standards, including issue of certificates or letters of recognition to the concerned persons; and
- (l) to carry out any other matters incidental to the above.

Chapter IV of the Act deals with finance, accounts, audit and reports. Section 18 of the Act deals with funds of the commission, Section 20 deals with budget, Section 23 deals with accounts and audit, Section 24 deals with returns and reports, Section 26 deals with power to make rules and Section 27 deals with power to make regulations. Section 28 of the Act specifies that the Rules and Regulations to be laid before Parliament.

14. The provisions of the Act, if carefully analyzed, it is no doubt true that the very objective of the Commission is to improve and develop the Khadi and Village Industries. This Court is not inclined to express any opinion relating to the other question- 'whether the 2nd respondent, without the consent or sanction of the 1st and 3rd respondents, alienated the property in question or not'. What is prayed for in the present writ petition is for the return of the title deeds relating to Ac.1-50 cents in Sy.No.455/2 of Kallur village, Kurnool District, belonging to the 2nd respondent. It is stated by the writ petitioner that the 2nd

respondent is ready and willing to discharge the outstanding loan amount.

15. The dispute is between the debtor and the creditors i.e. R2 – the debtor and R1 & R3 – the creditors. The writ petitioner is a non-party to the transaction. Such non-party had knocked the doors of this Court for redressal of his grievance i.e. for return of documents on the ground of willingness to discharge the whole amount. It is needless to say that these are obligations flowing out of the debtor and creditor relationship simpliciter and, in the peculiar facts of the case, this Court is of the considered opinion that the same cannot be enforced by way of a writ petition under Article 226 of the Constitution of India. It is needless to say that liberty is given to the parties either the writ petitioner or R2, as the case may be, to pursue other remedies available to them, in accordance with law. Except making these observations, no positive directions by way of a Writ of Mandamus can be granted in a matter of this nature.

16. Accordingly, the writ petition is dismissed subject to the above observations. No order as to costs.

P.S. NARAYANA, J

L.R. Copy to be marked.

26-10-2007.

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